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Message Text

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ACTION IO-14

INFO OCT-01 NEA-11 ISO-00 ABF-01 OMB-01 TRSE-00 AF-10

ARA-16 EA-11 EUR-25 RSC-01 SS-20 NSC-10 CIAE-00

DODE-00 INR-10 NSAE-00 PA-04 USIA-15 PRS-01 SPC-03

DRC-01 /155 W
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P R 231648Z JAN 74
FM USMISSION USUN NEW YORK
TO SECSTATE WASHDC PRIORITY 2422
INFO USINT CAIRO

C O N F I D E N T I A L USUN 229

E.O. 11652: GDS
TAGS: AORG, ABUD, US, UN
SUBJECT: UN FINANCES: PAYMENT OF UN AND UNEF ASSESSMENTS

REF: (A) USUN 069 (B) USUN 5176

SUMMARY: UN INFORMED USUN JAN 22 THAT UN STILL UNABLE TO UTILIZE EGYPTIAN POUNDS TRANSFERRED NOV 1973 BY US FOR UNEF ACTIVITIES IN EGYPT. DUE TO CASH SHORTFALL AT END JAN, UN REQUESTS THAT US MAKE PAYMENT IN JAN 1974 OF $8.6 MILLION AS EXPLAINED IN PARAS 4 AND 5 BELOW AND THAT US RENEW EFFORTS TO PERSUADE EGYPTIAN GOVT TO RELEASE $1 MILLION IN EGYPTIAN POUNDS. ACTION REQUESTED: DEPT RESPOND FAVORABLY TO UN REQUEST. END SUMMARY

1. ZIEHL, UN ACTING HEAD OF FINANCIAL SERVICES, PROVIDED MISOFF JAN 22 WITH DETAILS RE EGYPT BLOCKING USE BY UN OF $1 MILLION IN EGYPTIAN POUNDS TRANSFERRED BY US IN NOV 1973 FOR UN EMERGENCY FORCE (UNEF). ZIEHL ADDED THAT EGYPTIAN PERM REP MEGUID HAS COMPLAINED TO SYG WALDHEIM ABOUT UN ACTION IN ACCEPTING EGYPTIAN POUNDS FROM US, WHICH IN RESTRICTED ACCOUNT, PRIOR TO CONSULTATION WITH GOE.

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2. ZIEHL SAID NOV STATEMENT OF NATIONAL BANK OF EGYPT,

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RECEIVED DEC 19 AT UN HEADQUARTERS, SHOWS 382,000 EGYPTIAN POUNDS CREDITED ON NOV 17 TO UN REGULAR ZUDGET ACCOUNT AT THAT BANK. STATEMENT ALSO SHOWS SAME ACCOUNT DEBITED SAME DAY FOR 115,057 EGYPTIAN POUNDS, BUT LATTER AMOUNT NEVER CREDITED, AS REQUESTED BY UN, TO UNEF ACCOUNT AT BANK OF ALEXANDRIS; THEREFORE, US PAYMENT IN STATE OF SUSPENSE.

3. ZIEHL MUST SHORTLY ISSUE YEAR-END STATEMENT OF CONTRI-BUTIONS TO UN REGULAR BUDGET, WHICH WOULD SHOW US IN ARREARS BY $1 MILLION, SINCE NOV TRANSFER OF EGYPTIAN POUNDS WAS INTENDED AS FINAL PAYMENT ON US ASSESSMENT UNDER UN REGULAR BUDGET FOR CY 1973. ZIEHL SAYS HE IS BEING PRESSED HARD BY SOME DELS FOR THIS STATEMENT, MOST RECENTLY IN STRONGEST TERMS BY ALBANIANS, WHO HE BELIEVES WANT TO MAKE SOME POLITICAL CAPITAL.

4. ZIEHL SUGGESTED THAT US:
(A) MAKE IMMEDIATE PAYMENT OR GIVE ASSURANCE THAT PAYMENT WILL BE MADE IN JAN 1974 OF $1 MILLION IN DOLLARS TO UN REGULAR BUDGET FOR CY 1973;
(B) MAKE IMMEDIATE PAYMENT OF $7.7 MILLION TOWARD OUR UNEF ASSESSMENT OF $8.7 MILLION;
(C) PURSUE ITS EFFORTS WITH EGYPTIAN GOVT TO RESOLVE PROBLEM SURROUNDING OUR PAYMENT IN EGYPTIAN POUNDS OF $1 MILLION EQUIVALENT.

5. IF WE FOLLOW ZIEHL'S SUGGESTION, HE WILL REPORT THAT US HAS PAID IN FULL ITS 1973 ASSESSMENT UNDER UN REGULAR BUDGET. HE REITERATED HIS INTENTION TO HONOR US PAYMENT OF $1 MILLION IN EGYPTIAN POUNDS, AND THEREFORE WOULD CONSIDER US PAYMENT OF $7.6 MILLION IN DOLLARS FOR UNEF AS PAYMENT IN FULL OF OUR UNEF ASSESSMENT FOR FIRST SIX MONTHS.

6. PROBLEM IS COMPOUNDED BY FACT THAT EGYPTIANS HAVE ATTEMPTED TO BLOCK USE BY UN FOR UNEF OF EGYPTIAN CY 1973 REGULAR BUDGET CONTRIBUTION, MADE IN EGYPTIAN POUNDS. ZIEHL SAID HE IS ADAMANT THAT EGYPTIANS CANNOT PROHIBIT UN FROM TRANSFERRING THESE FUNDS FROM REGULAR BUDGET TO UNEF ACCOUNT AND, AFTER HAVING MET WITH EGYPTIAN UN REPS, BELIEVES THEY EVENTUALLY WILL ACCEPT UN POSITION. FURTHER,
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UN ANTICIPATES SHORTFALL OF $5.2 MILLION BY END OF JAN IN CASH NEEDED TO MEET REGULAR BUDGET EXPENSES AND THUS IS APPEALING TO US, AND AT SAME TIME TO OTHER DELS, TO MAKE MAXIMUM PAYMENTS TO UN TO AVERT A NEW "CASH CRISIS."

7. ACTION REQUESTED: MISSION FULLY APPRECIATES PROBLEMS FACING ZIEHL AND BELIEVES THAT APPROACH HE SUGGESTED IS

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REASONABLE; THEREFORE WE URGE DEPT TO TAKE STEPS CONTAINED
IN PARA 4 ABOVE.

8. IT IS ESPECIALLY IMPORTANT THAT US, WHICH ACTIVELY
SUPPORTED ESTABLISHMENT OF UNEF AND METHOC OF FINANCING,
PAY ITS UNEF ASSESSMENTS AT EARLIEST POSSIBEL DATE. DEPT
WILL RECALL THAT WE WERE UNABLE TO RESPOND POSITIVELY TO CABLE
APPEAL OF SYG DATED NOV 10, 1973, NOR TO LETTER FROM SYG
DATED DEC 19, 1973, WHICH REQUES* D IMMEDIAT PAYMENT
OF OUR UNEF ASSESSMENT.
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